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Mutual Distrust Blocks East-West Atomic Control

Less than a week after President Truman's announcement that an "atomic explosion" had occurred in Russia, the Atomic Energy Commission of the United Nations, composed of representatives of the Big Five and Canada, reconvened at Lake Success on September 28. Two days later the United States rejected a suggestion advanced by India that the issue of international control of atomic energy be taken out of the hands of the AEC and referred to the International Law Commission of the UN.*

East-West Atom Deadlock

The labors of the AEC had only recently been suspended, at the suggestion of the United States, because of the deadlock created by Moscow's opposition to the Baruch plan, introduced in June 1946, and adopted in expanded form by the United Nations General Assembly at its Paris session on November 4, 1948 by a vote of 40 to 6. The majority plan, it will be recalled, provided for the conclusion of a convention establishing an international atomic development authority which would regulate the production and use of atomic energy. The authority would own and operate all mines and production facilities connected with atomic energy throughout the world and would have effective powers of inspection in all member nations, as well as the power to punish violations of the control convention by both governments and individuals. The use of atomic energy for "dangerous purposes" would be prohibited. The authority would be an independent agency, and its

operations would not be subject to the veto possessed by the Big Five in the United Nations Security Council. The convention would specify a series of stages for the transfer to the international authority of atomic materials, knowledge and already manufactured bombs. The United States indicated that it was unwilling to take the final step of handing over its stockpile of bombs until it was satisfied that the control authority would really prove effective.

In the course of three years of arduous discussion, the U.S.S.R. agreed to the establishment of an international authority—provided it had only power to control and inspect, not to own and operate, atomic installations. It flatly disagreed, however, with the step-by-step timetable of the United States, and insisted that existing bomb stockpiles should be destroyed at the time international control was created. The Kremlin agreed that the use of atomic energy for war purposes should be prohibited. But, except for this prohibition, it contended that every country should be free to carry out its own atomic production program, subject only to periodic inspection of the atomic installations it had reported to the international authority. Under the Soviet plan, as contrasted with the Baruch plan, the international authority would operate within the framework of the Security Council. True, the veto would not apply to its day-to-day operations, but decisions concerning punishment of violations—regarded by the West as the core of the control convention—would be made by the Security Council, where the Big Five could invoke the veto.

The United States, as well as other members of the AEC, took the view that Moscow's control scheme would leave each country free to develop its atomic energy facilities as it saw fit and would be worse than no control at all, for it would create a dangerous illusion of security. Soviet Foreign Minister Andrei Vishinsky, in his address to the General Assembly on September 23 following President Truman's announcement, submitted a proposal for adoption by the Assembly declaring that the Assembly "considers any further delays in the adoption by the United Nations of practical measures for the unconditional prohibition of atomic weapons and for the establishment of an adequate and rigid international control to be inadmissible."

Question of Confidence

Russia's refusal to accept the Baruch plan had been repeatedly criticized in the West as another example of its unwillingness to cooperate with the United Nations. The situation might have appeared to us in a somewhat different light if we had tried to imagine how we would have acted had the roles been reversed—had Russia, instead of the West, emerged from the war with a new weapon whose destructive power has been described from the outset as superior to that of all other engines of destruction, and had Russia then insisted on the right to inspect our atomic energy facilities before turning over its own supply of this weapon to an international authority. Would we have welcomed Russian inspection, even though it took place under the auspices of the United Nations, if we knew—as the Russians did in 1946—that

*See *Foreign Policy Bulletin*, September 30, 1949.

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we were considerably behind Russia in atomic development? Or would we have regarded proposals for such inspection as another form of spying on our production—possibly as a prelude to preventive attack on us if it were discovered we were not yet capable of retaliation? Even more important, if Russia were to agree right now to the establishment of an international authority with effective powers of inspection and enforcement, are we ready to have Soviet representatives on such an authority scrutinize our installations?

Need for New Start

To such questions two answers are usually given. First, it is said that we demonstrated our goodwill by offering to surrender national sovereignty to the extent of accepting an international authority, while Russia continues to cling to an old-fashioned concept of unlimited sovereignty. The United States unquestionably blazed a trail toward abandonment of national sovereignty, but we have not yet traveled very far along that trail. As late as last week members of the Congressional Joint Committee on Atomic Energy were reported to be sharply divided, along party

lines, concerning the advisability of sharing information about atomic energy production with our North Atlantic treaty partners, Britain and Canada.

The second answer, which goes to the heart of the matter, is that we do not and cannot trust Russia while it remains a police state, but that Russia can and should trust us. But does it—jaundiced though its point of view may seem to us? Stripped of technicalities, the issue of international atomic control boils down to mutual confidence; and the obvious fact is that adequate confidence does not exist on either side. Both sides can and do adduce reasons for mistrust which are blazoned in every day's headlines. The United States can point to recent statements in the UN General Assembly by representatives of China's Nationalist government and of Russia's erstwhile partner, Yugoslavia, to demonstrate that the U.S.S.R. is bent on infiltration and constitutes a menace to the peace of the world. The U.S.S.R. denounces alleged Western "war-mongering" and points to the aid we have given for the rebuilding of Germany and Japan; traditional enemies of Russia, as incontrovertible proof of our ultimate inten-

tions.

On October 1 James Reston reported to the *New York Times* that Washington was considering the possibility of a limited convention under which the United States and the U.S.S.R. would agree not to use atomic weapons under any circumstances for six months or a year, pending negotiation of an acceptable atomic treaty. This proposal, which comes closer to the Soviet suggestion for simultaneous outlawry of the atomic bomb and establishment of international controls, would still depend on mutual trust. More important, it would require reconsideration, both in Washington and Moscow, of the basic premises on which the two superpowers have been operating since World War II—the premise, in this country, that Russia can and must be "contained," and the premise in the U.S.S.R. that, given enough rope, the United States would suffer an economic collapse. The time may be at hand when a fresh start will need to be made on both sides if a desperate atomic bomb race is to be avoided.

VERA MICHELES DEAN

(The second of two articles on proposals for control of the atomic bomb)

Devaluation Intensifies Britain's Election Campaign

With the devaluation of the pound the British Labor government bowed to one important demand of its foremost critics at home and abroad. It did so reluctantly and of necessity—submitting to the judgments of world financial markets and to Washington's desire for an early return to freer, multilateral trade. Nevertheless, the deep cut in the value of the pound was a bold step involving many risks, not the least of which is its political impact on Britain during an election year.

Reduction in Living Standards

In its immediate effects devaluation has lived up to expectations. First and most important, the position of the sterling area's gold and dollar reserves, subject to a dangerous drain all summer, has been improved. Second, prospects for sterling exports to the dollar area face a brighter future. British exporters who have been meeting buyer resistance due to high costs have been able to slash the dollar prices of many of their goods from 10 to 20 per cent.

Devaluation, insofar as it is a method of cutting prices by reducing real wages, means more austerity for the hard-pressed

British people. Chancellor of the Exchequer Sir Stafford Cripps, when he announced devaluation on September 18, also announced a 30 per cent increase in the price of bread, since it is largely made from Canadian wheat paid for with dollars. He stated that "there should not be any noticeable increase in other retail prices," except for "a few articles" made mainly from raw materials purchased in the dollar area. Other sources, however, estimate that the British cost of living will rise from 5 to 10 per cent in a relatively short time.

The significance of devaluation is not so much that it means a reduction of the British standard of living. Any other measures designed to meet the British crisis—the crisis of a nation importing more than it can afford—would also mean a reduction. But devaluation does not impose austerity by the wartime device of more stringent rationing. Instead, it will operate through the consumer's ability to pay. By allowing the government to encourage freer trade with the sterling area and with other countries which have devalued their currencies, it may in fact ease certain aspects of British austerity. The

government, for instance, was able to lift import quota restrictions on September 29 for about half the products, mainly consumer goods, which private traders import from soft currency areas.

This may mitigate some of the hardships involved in devaluation, but it will not dispel them. Since the government is also attempting to hold wages at their current level in order to keep British costs from rising, a larger percentage of the worker's wage will now go to cover essentials. Cripps has at last broken the pattern of cushioning the British consumer from increases in world food prices through the device of subsidies.

Labor's Retreat

This, then, is a retreat from the egalitarian principles of the Labor party and a concession to those critics who have contended that the Chancellor's policy does not allow sufficient incentives to operate in the British economy. *The Economist*, a leading exponent of this school of thought, has repeatedly argued that the social services, including the food subsidies, result in a weight of taxation which is a deterrent to extra effort and extra enterprise on the

part of worker and businessman alike. Meanwhile, full employment and low-cost food and housing prevent the operation of traditional economic penalties for lack of effort and inefficiency.

The remedies prescribed by spokesmen for this school of thought, however, do not mean abandonment of Labor's principles. The critics do not want to go back to the mass unemployment of the interwar years; they want to rectify some of the disturbances due to "overfull employment." They do not want to dispense with Britain's ambitious social service program; they want to lessen its burden until the country can better afford it. As *The Times* commented on August 20 when Cripps was on his way to Washington, it is not a question of betraying the welfare state, but of saving it.

Devaluation, by boosting the cost of living and by making it less difficult to earn profits in the dollar market, introduces

some new rewards and penalties into the British system. But the penalties fall on the bulk of the population and the rewards go to exporters. It is not surprising, therefore, that Sir Stafford, during the House of Commons debate on devaluation on September 27, counterbalanced his slash in the pound with an increase from 25 to 30 per cent in the tax on distributed dividends as what he called a matter of "rough justice."

This tax increase will prove more than a pre-election political maneuver if it can forestall a wave of demands for higher wages which, if successful, could dissipate the advantages of devaluation. The Trade Union Congress, Britain's confederation of unions representing 8 million workers, endorsed the government's wage stabilization policy on September 8, but it has shown signs of restiveness since devaluation was announced. The task of the Labor government, of the TUC and of

the leadership of the individual unions themselves is to make wage stabilization stick with their rank-and-file. On September 27, the Chancellor hinted that the only concession he was prepared to make on wages was a possible increase for the lower paid workers, if and when the rising cost of living should prove a hardship.

While Cripps attempts to win the continued cooperation of the unions on the industrial front, the political test of a general election is drawing nearer. Labor's term of office must end by next August, and Prime Minister Clement Attlee may set the date of polling at any time between now and then. Observers of the British political scene believe that the election is likely to come some time in the near future—perhaps before the end of November—or else be delayed until next spring when the latest economic decisions will have had time to kill or cure.

WILLIAM W. WADE

Acheson Clarifies U. S. Policy in Latin America

In a family of nations it may well be we should expect "nothing more sensational than growth," Secretary of State Dean Acheson declared on September 19 before the Pan American Society of New York City in his first comprehensive discussion of Latin American policy since he assumed office. Mr. Acheson's address clarified the policy that has gradually been taking form in Washington since the end of the war: namely, that political stability in Latin America can only be achieved through slow, unspectacular and conservative measures for economic development on the part of the countries in question. The first reaction both here and in Latin America has been that this statement goes far toward laying a basis for agreement concerning three of the thorniest issues in inter-American relations: the Caribbean controversy, recognition of "dictatorships" or *de facto* governments, and the conflict of economic interests between the United States and Latin American countries.

Family Troubles

Growing unrest in the Caribbean area has engaged Washington's attention not only because of that area's vital oil resources and shipping lanes, but also because of the intervention of private American citizens. Since 1947 at least, certain countries have been the targets of "plots and counterplots," advised by political exiles and, in several cases, abetted by other hostile gov-

ernments. Such alarms have provoked a condition of mutual distrust, anxiety and open hostility in the Caribbean. The "dictatorships" of the Dominican Republic and Nicaragua have been ranged against the "democracies" of Costa Rica, Guatemala, Cuba and the former government of Venezuela in a war of words and *sub rosa* or open encouragement of military adventures. Mr. Acheson added Washington's authority to the recommendations issued by the Inter-American Peace Committee on September 14 when he said that "Aggression or plotting against any nation of this hemisphere is of concern to us. . . . We shall use our strongest efforts . . . to oppose it."

In its relations with Latin America the United States is torn between the desire to uphold the principle of non-intervention—bedrock of the inter-American system—and its wish to encourage the growth of democracy. The recognition issue was once again thrust into the foreground as a result of the Caribbean controversy and the army pronunciamientos in Peru and Venezuela. At the Bogota conference of April-May 1948 the American governments agreed to return to the formula of "automatic" recognition from which they had departed during the war, notably in the case of the Argentine military government.

The view is widely held in Latin American circles that the prospect of automatic recognition by the United States encour-

aged the Peruvian army to throw over President Bustamante in October 1948. Two days after Washington recognized the new Odría junta in Peru, the Venezuelan armed forces rose against the Gallegos government. The feeling that the practical result of American policy has been to throw the weight of the United States on the side of the dictatorships in Latin America was also encouraged by the Caribbean inquiry. This well-intentioned investigation would redound to the advantage of strong-man regimes like that of Somoza in Nicaragua and the Dominican Republic. Fear and hate of Trujillo hang like a miasma over the Caribbean.

Long Run Solution

In answer to such contentions Secretary Acheson emphasized that United States opposition to aggression did not mean "blind adherence to the status quo." Diplomatic relations, he said, simply facilitate the discharge of the State Department's basic function of protecting American interests. But, using words that were closely marked in Latin America, he added that "Our act of recognition need not necessarily be understood as the forerunner of a policy of intimate cooperation with the government concerned." This warning has been viewed, by extension, as encouragement to such beleaguered strongholds of representative democracy as Chile, Colombia or Uruguay. A loan of \$25 million to

the government of Chile, intended to mitigate the economic and political effects of the decline in copper prices, will be expedited in direct consequence. Economic sanctions, however, are not regarded by Washington as a constructive long-run approach to political stability.

Henceforward United States policy in Latin America will emphasize joint co-operation for economic development, but with government action supplementary to, not competitive with, the efforts of private capital. Secretary Acheson defended at some length the "substantial" record of the United States in this hemisphere in efforts to revive Latin American trade with Europe through the ERP, in the area of technical cooperation for improvement of agriculture, health, sanitation and communications, and in the field of basic development and fiscal stability through public lending by the Export-Import Bank, the World Bank and the International Monetary Fund. Directly answering criticism to the effect that this country turned its back on Latin America after the war, he stated emphatically that "these specific programs . . . can leave no doubt as to our deep and lasting concern with the economic welfare of the other American Republics."

The United States, however, will deny public funds for projects for which private capital is available either here or in the individual Latin American countries. Instead, it will seek to provide special incentives for American investors in Latin America through tax relief and the investment guarantees which President Truman has

asked Congress to approve under the "Point Four" program. OLIVE HOLMES

Branch and Affiliate Meetings

POUGHKEEPSIE, October 8, *America as an Island*, Edward R. Murrow

ALBANY, October 11, *European Union?*, André Philip

CINCINNATI, October 12, *French Situation*, André Philip

*MILWAUKEE, October 13, *France: Key to Western European Integration*, Rudolph E. Morris

CLEVELAND, October 14, *World Trouble Spots*, Brooks Emeny

MINNEAPOLIS, October 14, *France and European Recovery*, André Philip

ST. PAUL, October 14, *Who Controls Our Foreign Policy?*, Arthur M. Schlesinger, Jr.

NEW YORK, October 19, *Dinner in honor of Prime Minister Nehru*

*MILWAUKEE, October 20, *Western Europe's Problems in Southeast Asia*, Albert F. Houghton

MILWAUKEE, October 20, *American Policy in Japan*, Joseph W. Ballantine, Willard Townsend

*Data taken from printed announcement

A Balkan Mission, by James T. Shotwell. New York, Columbia University, 1949. \$2.25

The record of a two-month journey through the Balkans in 1925 on behalf of the Carnegie Endowment for International Peace of which Professor Shotwell is now acting president. The volume includes some interesting photographs, as well as thoughtful reflections on local problems and personalities which still shed light on the contemporary scene in Eastern Europe despite the lapse of time since the author's visit.

News in the Making

With Moscow's recognition on October 2 of the new Chinese "Central People's Government," formed under the chairmanship of Communist leader Mao Tze-tung on September 30, and Russia's withdrawal of recognition from the Nationalist government in Canton, the necessity for a prompt decision on policy toward China became an urgent question for the United States and Western Europe. . . . Prospects for Libyan independence within a short period are excellent now that all spokesmen at the UN General Assembly have announced their support of this course. A sharp debate over the length of the transition period, however, will develop. The Soviet Union on September 30 proposed immediate freedom and complete withdrawal of foreign troops within three months, in contrast to American and British proposals for an interim regime of three to five years under international supervision. Britain and the United States are determined, in any event, to safeguard the use of airfields in Cyrenaica (eastern Libya). . . . As the Cominform dispute with Belgrade rose to a new pitch of intensity, Yugoslavia announced its candidacy to succeed the Ukraine on the UN Security Council. Moscow is supporting Czechoslovakia for the vacancy; the United States will vote for Belgrade, and Britain against, both believing that their policy will best help Tito to maintain his regime in power.

Statement of the Ownership, Management, Circulation, Etc., Required by the Acts of Congress of August 24, 1912, as Amended by the Acts of March 3, 1933, and July 2, 1946, of

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Before me, a Notary Public in and for the State and county aforesaid, personally appeared Vera Micheles Dean, who, having been duly sworn according to law, deposes and says that she is the Editor of the FOREIGN POLICY BULLETIN, and that the following is, to the best of her knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Acts of March 3, 1933, and July 2, 1946 (section 537, Postal Laws and Regulations), printed on the reverse of this form, to wit:

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FOREIGN POLICY ASSOCIATION, Incorporated.

By VERA MICHELES DEAN, Editor.

Sworn to and subscribed before me this 14th day of September, 1949.

[Seal] CAROLYN E. MARTIN, Notary Public for the State of New York, Qualified in New York County No. 31-260600. Commission expires March 30, 1951.

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